

VALUE - ADDED
COMMUNICATIONS

January 5, 1993

Federal Communications Commission
Office of the Secretary
1919 M Street N W
Washington, DC 20554

In Re: FCC Docket No. 92-77 Phase I
(Compensation For Transfer of Services)

Dear Sir or Madam:

Enclosed please find the original plus nine copies of Value-Added Communications' Reply Comments in the above-referenced matter. Two copies have also been filed with the Tariff Division, Common Carrier Bureau, and one copy with the Downtown Copy Center.

Please feel free to contact the undersigned in connection with this filing.

Sincerely,

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COMMUNICATIONS

BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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In the Matter of:

BILLED PARTY PREFERENCE
OR 0+ INTERLATA CALLS

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CC Docket No. 92-77
Phase I

JAN 6 1993

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REPLY COMMENTS OF VALUE-ADDED COMMUNICATIONS

There is almost universal support for a Commission Order requiring AT&T to compensate OSPs for the costs caused them by AT&T's proprietary calling cards. Of course, AT&T opposes this leveling of the playing field inasmuch as its intent to remonopolize the industry would be partially frustrated. The only other comments equivocating on the issue were filed by Sprint, which supports a voluntary call transfer compensation system which would be unworkable and discriminatory.

Value-Added Communications, Inc. ("VAC") continues to assert that universal validation and billing of all calling cards best serves the public interest because it frustrates the monopolistic intent behind the issuance of AT&T's card issuer identifier ("CIID") cards in the first place. It is hoped that the Commission will reconsider its decision on this issue. In the meantime, or alternatively, the Commission should act quickly to order the recovery of OSP transfer costs which are caused by AT&T's deceptive marketing practices.

VAC's Comments describe a simple and transparent method of transferring or reoriginating CIID card calls to the card issuer via any dial access code; that is, 10XXX, 900 or 800. The public, as opposed to AT&T's interest, is served because the call is promptly completed without the caller being required to either redial the called number or his CIID card number. AT&T delights in the confusion caused by its massive advertising campaign.

As Sprint points out, the confusion gives AT&T a dual advantage in competing for public phone presubscription: it has a larger volume of revenue producing calls, and it can and does use the consumers' dissatisfaction with the difficulty in reaching AT&T as another weapon in the fight for the hotels' or other location owners' 0+ contract. AT&T's perceived "problem" in identifying transferred calls can be simply solved by its establishment of a separate 800 number for CIID card transfers.

While Sprint recognizes the problem and also, like VAC, can provide the solution, for some unexplained reason it opposed any across-the-board solution on tenuous grounds that like AT&T fail to address the cause of the problem and the resulting inequity. The Commission clearly recognized that AT&T's misleading advertising campaign is the cause of the problem. Unless the Commission orders compensation for transfer service, AT&T has absolutely no incentive to promote 10XXX or, more importantly, 800 access. AT&T either gets the calls transferred free or benefits from the customer dissatisfaction. This is undoubtedly the reason that AT&T has to this date refused to publish its 800 access number.

AT&T states that the issue is an interim one that will likely be of short duration. AT&T also states that it will shortly embark on a multi-million dollar educational campaign. The last such campaign AT&T undertook resulted in the Commission issuing a letter of admonishment for deceptive marketing practices. Considering the size and scope of that last campaign there is no assurance that AT&T will be able to undo the damage it caused in any kind of a short term. Consumers take notice when they receive a new credit card in the mail. The new campaign will not be accompanied by a new card. It will only be an informational packet that is often ignored and very unlikely to have anywhere near the impact of the first letter. VAC believes that the re-educating of the cardholders will take a substantial length of time and the industry should not be punished and AT&T unjustly enriched for its own wrongdoing.

AT&T further states that none of the transfer mechanisms they reviewed were technically simple or cost effective. AT&T has obviously already identified the fact that not paying any compensation or penalties is extremely cost effective. VAC has already suggested that AT&T establish 800 numbers as a simple transfer mechanism. In any case, the situation was caused by AT&T and AT&T should be required to do whatever is necessary to remedy it.

AT&T goes to great lengths to itemize the difficulties of implementing a call transfer service. VAC agrees that the diversity of equipment and systems utilized in the OSP industry does create some problems for a universal solution to call transfer. However, the situation was created by AT&T who continues to benefit by its continuance. AT&T has the resources to accommodate the industry and resolve these

technical issues and should be required to do so. AT&T must be ordered to address these problems on an individual basis and not be allowed to procrastinate or prolong these proceedings. The longer they go on, the greater the benefit to AT&T. AT&T recommends that the Commission focus on an educational solution to call transfers. Translated, what AT&T recommends is that the OSP industry undertake to do the job that AT&T was ordered to do by the Commission and in the letter of admonishment.

It is obvious from AT&T's Reply Comments that it has no intention of negotiating any contracts with OSPs for transfer service. Therefore, participation in the program must be mandatory and by tariff.

It is ironic that AT&T is concerned about its competitors and/or the aggregators' compliance with signage requirements and its customers' knowledge of correct dialing protocols when its own unlawful and anticompetitive practices have created the problem. Its arrogance should give the Commission little comfort that this issue is one of short duration or can be resolved by the industry. There are no technical problems with respect to VAC's transparent origination of CIID card calls. There can also be no serious question as to whether the transfer of 0+ proprietary card calls is in the interest of both carriers and customers. The only interest not served is AT&T's attempt to re-monopolize.

The Commission should immediately order a fair and equitable compensation system for the transparent method or reoriginating proprietary card issuer calls.

Respectfully submitted,



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CERTIFICATE OF SERVICE

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

I, LINDA DEVLIN, do hereby certify on this 6th day of January, 1993, that I have served a copy of the foregoing **REPLY COMMENTS OF VALUE-ADDED COMMUNICATIONS** to all parties of CC Docket No. 92-77, Phase I via first class mail, postage prepaid and also have served copies to the entities listed below and Attachment A via overnight delivery.


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